

Declaration of Compliance (section 161 AktG)

As at May 2011

The Management Board and Supervisory Board of Aareal Bank AG declare, in accordance with section 161 of the AktG, that:

1. Aareal Bank AG has complied with the recommendations of the Government Commission "German Corporate Governance Code" (as amended on 26 May 2010 – the "Code") since the last Declaration of Compliance was issued in December 2010 – in each case, except for the recommendations stated below.

Section 3.8 of the Code recommends that a suitable deductible be agreed where the company takes out a D&O (directors' and officers' liability insurance) policy for members of the Supervisory Board.

Aareal Bank AG has taken out a D&O liability insurance policy for members of the Supervisory Board that does not provide for a deductible. As a matter of course, responsible action is an integral obligation for all members of Aareal Bank AG's executive bodies; for this reason, the bank does not require a deductible for Supervisory Board members.

Section 4.2.3 (4) and (5) of the Code recommends the imposition of a cap on severance payments to members of the Management Board. The contracts entered into with the members of the Management Board do not contain any provisions regarding severance pay. If it is intended to terminate a contract with a member of the Management Board prematurely, and in the absence of good cause, no cap is applicable to the contractual claims for performance. The Supervisory Board believes that it is preferable to handle each case individually, and to flexibly enter into negotiations regarding a cancellation agreement. The recommended cap should, however, be considered in any agreement on severance pay.

In the event of a change of control, the contracts with the members of the Management Board provide for caps on severance payments which do not exceed the recommended level.

2. Section 5.4.6 (2) of the Code provides for performance-related compensation of Supervisory Board members.

Considering the potential conflicts of interest which are inherent in this recommendation, the Management Board and Supervisory Board do not believe such a regulation to be desirable; for this reason, they have submitted a proposal for amending the Memorandum and Articles of Association to the Annual General Meeting; the relevant resolution was adopted by the General Meeting on 18 May 2011.

As a consequence of this General Meeting resolution, and the conversion of Supervisory Board compensation to exclusively comprise fixed remuneration components, Aareal Bank no longer complies with the recommendation of section 5.4.6 (2) of the Code.

Concurrently with the amendment to the provisions for the compensation of Supervisory Board members, Aareal Bank has started to comply with the recommendation of section 3.8 of the Code, by introducing a deductible (in accordance with section 93 (2) of the AktG) for the D&O liability insurance policy for members of the Supervisory Board.

Aareal Bank will continue to comply with the recommendations of the German Corporate Governance Code as amended on 26 May 2010, with the above exceptions regarding the recommendations in sections 4.2.3 (4) and (5), and section 5.4.6 (2).

For further details concerning the Corporate Governance Principles of Aareal Bank AG, please refer to our website:

<http://www.aareal-bank.com/investor-relations/corporate-governance/>

Wiesbaden, May 2011

The Management Board

Dr Wolf Schumacher Dirk Große Wördemann Hermann J. Merkens Thomas Ortmanns

For the Supervisory Board

Hans W. Reich

(Chairman)